

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes
Bill Leonard, Member
State Board of Equalization*

April 26, 2004

QUOTE OF THE WEEK

"Life does not cease to be funny when people die any more than it ceases to be serious when people laugh." --- George Bernard Shaw (1856-1950)

TAXING TIMES

*****Board Employees Punished for Abusing Privacy Rights*****

Taxpayer privacy is a very serious matter. Taxpayer rights and taxpayer confidentiality compose the lens through which I judge board policy and procedures. I am aware that many employees of the Board read this letter, and I want them and the public to know that two Board employees are being disciplined for accessing FTB records for non-work related purposes. One of these employees looked at the FTB accounts of relatives, friends, and even neighbors. This employee has been demoted and no longer has access to confidential taxpayer information. In addition, I am looking into whether recent changes in state law give the Board the authority to notify all those who were victimized by this behavior, including the employee's neighbors.

Because there are many employees of the Board who serve the public with distinction, it is vitally important that we police ourselves well so that the good reputation of those who are honorable, along with the department itself, is not tarnished by the bad behavior of a few.

*****You Can Report State Employee Misconduct*****

If you are aware of improper activities by state agencies or state employers, the Bureau of State Audits has a hotline that investigates such charges, including: illegal acts like theft, fraud, or conflicts of interest by state employees; misuse or abuse of state property or time by state employees; gross misconduct by state employees. By law, the Bureau can only reveal your identity to investigating law enforcement. State law also shields

whistleblowers from reprisal, retaliation and threats for reporting such information. You can report misconduct to the Bureau of State Audits hotline: 1-800-952-5665, or write to: Investigations
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

***** Your Country Needs YOU to Improve the IRS*****

The IRS Taxpayer Advocacy Panel is recruiting new members to provide suggestions for improving IRS service and taxpayer rights. I encourage LL readers to apply because I know my readers are knowledgeable about government abuse of taxpayers. Moreover, large bureaucracies like the IRS need direction and input from citizen-taxpayers because government insiders have little incentive to buck their own organization to bring about positive change.

Members of the panel will earn an expense-paid trip to Washington, D.C. The panel only seeks volunteers that are willing to commit 100 to 300 hours per year, for up to two years. Much of the work can be done at home, but in addition to the Washington, D.C. trip, each of the country's geographic area sub-committees holds an annual meeting of area panel members (California is all of Area 7) and hold monthly conference calls. By law, no employee of the IRS may be on this panel, but the IRS must work with the panel to incorporate useful ideas. I will support any reader who is chosen to do this, and will encourage other readers to offer suggestions that give aid to their work.

The deadline for applying is April 30, 2004. The panel's Web site provides further information and the on-line application (deadline of April 30, 2004): <http://www.improveIRS.org>. If you become a member, be sure to let me know.

*****Property Values Increase*****

The Board of Equalization (BOE) has reported that the total value of state-assessed and county-assessed property rose to \$2.9578 trillion for 2003-04, up \$201.83 billion (7.3 percent) from last year's \$2.7560 trillion. The value of county-assessed property grew by \$197.76 billion (7.3 percent) to \$2.8886 trillion. The value of state-assessed property, mainly privately owned public utilities and railroads, totaled \$69.2 billion, an increase of \$4.07 billion (6.2 percent). Nine counties posted growth rates of 10 percent or more. Thirty-eight counties recorded increases between 5 and 9.9 percent while the total assessed value in 10 counties grew between 2 and 4.9 percent. Of the nine counties with rolls exceeding \$100 billion, Riverside County led the way with an 11.8 percent increase, followed by San Diego County (9.5 percent), San Bernardino County (8.6 percent), Contra Costa County (8.1 percent), Orange County (6.7 percent), and Alameda County (6.5 percent). Los Angeles County, with the largest assessment roll at \$717.5 billion, posted a 7.4 percent increase, up \$49.3 billion over 2002-03.

UNDER THE DOME

New Tax Proposed –Part 2

In another attempt to add more revenue to state coffers by using a popular excuse, A.B. 118 (Frommer, D-Glendale) seeks to impose a 2.29% tax on rental cars. Theoretically the money generated would have to be spent on transportation projects near airports and tourist destinations, but voters would be wise to be skeptical. The proponents of this measure believe that they can pass it because Californians recognize that transportation is a high priority and worthy of more tax revenue. The problem is that California voters have already had their say on this. They approved Prop. 42 in March of 2002 to ensure that the sales tax on gasoline be dedicated to transportation projects. The legislature, however, has failed to keep the Prop. 42 promise. This budget year they are spending only \$289 million for the Transportation Improvement Fund; the balance of \$856 million is being transferred to the state's general fund to pay for other programs. What will keep them from stealing this tax money, too? The legislature knows that transportation improvements are a priority for Californians, but legislators should also be expected to live up to commitments the voters already made, not invent new taxes to cover their own compulsion for out-of-control spending.

ISSUE FOCUS

Marriage Pays

The Family Research Council reported on a study from the Census 2000 data demonstrating that children living in homes with married parents are less likely to live in poverty. Across ethnic lines, children living with their married parents are better off financially than children living with single, cohabiting or homosexual parents are. FRC concludes, "Married men show they are more committed to bringing in a full-time income to support their families, and children are the proven benefactors." The FRC also points out that for every \$1,000 of taxpayer money spent on the social consequences of failed marriages, only \$1 is spent trying to prevent families from breaking up in the first place.

ACLU Silliness

I represented the city of Redlands for many years in the state legislature. One of the many commendable features of Redlands is its strong religious heritage. The town boasts hundreds of churches and other religious congregations. To honor this source of civic pride, one quadrant of the city's logo, which was developed in the 1960s, was designed with a Latin cross floating above a church building and with beams of light.

(The other parts of the logo feature a book and flame symbolizing education, a building and mechanical gear symbolizing business and industry, and oranges to symbolize the city's citrus heritage.) However, those crosses have now been taped over and are being removed. The ACLU threatened to sue the city and the city, seeking to avoid court costs, has acquiesced to the ACLU's demand that the cross be obliterated from the logo. It is a shame that the ACLU spends its time and its donors' dollars fighting an issue like this. That logo simply represents a significant and positive aspect of the town's history and pride; it does not advocate a particular church or denomination and it does not create a government-run or -backed congregation. It is the worst of censorship to deny history and that is exactly the consequence of this ACLU extortion.

BOE AND LEGISLATIVE DATES

May 7, 2004 --- Last day for policy committees to hear and report non-fiscal bills

May 25-26, 2004 --- BoE meeting in Sacramento

May 28, 2004 --- Last day for Assembly to pass Assembly bills and for the Senate to pass Senate bills.

May 31, 2004 --- Memorial Day

June 15, 2004 --- Budget bill must be passed by midnight

June 15-16, 2004 --- BoE meeting in Culver City

NOTABLE DATES/ HISTORY

April 26, 1986 --- The world's worst nuclear accident occurred at the Chernobyl plant in the USSR, killing more than 30 people

April 26, 1986 --- Arnold Schwarzenegger and Maria Shriver were married

April 27, 1805 --- U.S. Marines attacked shores of Tripoli

April 27, 1937 --- U.S. Social Security system made its first benefit payment

April 29, 1975 --- U.S. Forces pulled out of Vietnam

April 29, 1992 --- Rioting broke out after four Los Angeles policemen are acquitted of assaulting black motorist Rodney King

April 30, 1789 --- George Washington inaugurated as first President of U.S.

April 30, 1889 -- First U.S. national holiday, on centennial of Washington's inauguration

April 30, 1945--- Adolph Hitler committed suicide alongside his wife, Eva Braun, in his Berlin bunker

May 1, 1960 CIA agent Francis Gary Powers, piloting an American U-2 reconnaissance plane, was shot down in Soviet air space.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office, call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard
Board of Equalization
400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Email: bill.leonard@billleonard.org